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COMMONWEALTH OF MASSACHUSETTS  
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CHAIRMAN  
COMMITTEE ON HUMAN SERVICES  
AND ELDERLY AFFAIRS

CHAIRMAN  
COMMITTEE TO INVESTIGATE SECLUSION,  
RESTRAINT AND DEATHS IN  
STATE SUPPORTED FACILITIES

ANALYSIS OF  
HUMAN SERVICES  
FUNDING SHORTFALLS  
IN  
GOVERNOR DUKAKIS'  
PROPOSED BUDGET

(House 1)

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May 17, 1983

Dear Colleague:

Every day we are inundated with new information detailing the Commonwealth's "fiscal crisis." It has become increasingly clear that our policy options have narrowed to two major alternatives: raise additional revenues or cut public services.

Some have suggested that the first place to look for additional savings is the \$3 billion the Governor proposed for the Human Services and Elder Affairs budgets. Before we move in that direction, it is important to closely examine the current level of these programs to determine what further cuts would mean:

° Since 1981, state and federal policy changes have ended AFDC to 34,000 families with young children. Most of those who have been cut from the rolls are working mothers who have lost their small supplemental grants and entire medical coverage. Some of these families have been forced out of their jobs and back onto the welfare rolls. Others are among our growing homeless population.

° Twenty-five percent (or 10,000) of the elderly residents of nursing homes are inappropriately placed there. If appropriate support services were available in the community, they could still be living in their own homes.

° Over 8,000 disabled persons have lost their Social Security Disability benefits in the last two years due to changes in federal policies which now label them able to work. Yet, Massachusetts cannot supply the vocational rehabilitation services necessary to help these people return to work because there is a long waiting list for training.

° Patient care in many of our state mental health and retardation facilities fails to meet the minimum standards of either the federal Medicaid program or the Joint Commission on the Accreditation of Hospitals. As a result, federal reimbursement has already been cut off for some facilities. Others must be run under the direction of the U.S. District Court.



° 10,000 retarded citizens over the age of 22 who live with their families receive no public services. These citizens need respite care, day treatment and medical services to avoid institutionalization.

° Despite improvements in the system, over 6,000 children still languish in foster care because family reintegration services are inadequate.

° Thousands of individuals are homeless on the streets and in temporary shelters across the Commonwealth. Yet, neither General Relief medical benefits or Emergency Assistance grants have been restored to the level where they can help prevent homelessness. Housing construction remains a major public crisis: The King Administration estimated the statewide shortfall at 20,000 to 30,000 units per year for the next decade.

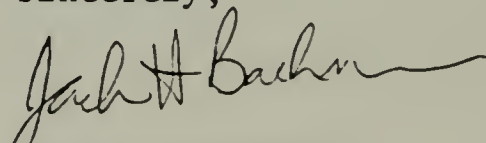
° At the same time as other programs struggle with state and federal budget cutbacks, funding for prisons is soaring. Last year, the Department of Correction budget rose by nearly 20%. Yet, every source of data indicates that the crime rate is going down throughout Massachusetts.

Governor Dukakis budget proposals for F.Y. '84 are inadequate to meet these pressing human service problems. In some cases, they may make the situation worse. The "Poor Peoples Budget," for example, concludes that House 1 devotes the smallest percentage to programs serving low-income families of any budget since F.Y. '74.

The attached analysis delineates the shortfalls in H. 1 in each of the Commonwealth's major human service programs. I have also enclosed a comprehensive overview of existing human services programs prepared by my staff.

Please feel free to contact me at any time if you have questions about the enclosures or any other aspect of human services in Massachusetts.

Sincerely,

  
Jack H. Backman

JHB/rs/lc

ENCLS.





Medicaid  
4402-5000

F.Y. '83 appropriation: 1,035,000,000  
H. 1 request: 1,000,000,000

The Governor's recommendation for the Medicaid program is severely underfunded.

His \$1 billion recommendation assumes that the Commonwealth can cut spending by \$157 million from its projected level through a variety of cost-saving measures. While some of these initiatives are laudable e.g. prevention of provider fraud and more intensive reviews of nursing homes, the Governor's estimates of potential F.Y. '84 savings are greatly overstated and in some cases fiscally unsound.

For example, \$50 million of these "savings" would be achieved simply by a two-week delay in provider reimbursement. This bookkeeping trick would merely shift the problem to F.Y. '85 when the Commonwealth would have to repay the debt.

Another \$28 million of savings is simply asserted with no explanation of how this amount is to be saved.

Furthermore, the specified cost-saving measures offer little hope for savings in F.Y. '84. It is misleading and possibly foolish to predict that we will be able to reform Rate Setting Commission policies and reduce rates to chronic hospitals fast enough to realize the \$35.5 million in savings claimed in the Governor's budget.

Unless the Medicaid budget item is increased substantially now, the legislature will be faced with a huge deficiency request later this year, in order to maintain basic medical care for the Commonwealth's elderly, disabled and poor.





Aid to Families with Dependent Children  
4403-2000

F.Y. '83 appropriation: \$452.3 million  
H. 1 request: \$448.9 million

House 1 funds the AFDC line item at \$3.4 million less than the F.Y. '83 appropriation. This recommendation is only sufficient to support an average caseload of 93,500 and to fund a \$125 clothing allowance for each AFDC "dependent" child.

The Administration budget proposal fails to provide any funding for the major initiatives in the legislature's homelessness package which has already passed the Senate. Nor does it cover restoration of benefits to pregnant women or supplemental payments for welfare families who experience sudden drops in income.

All told, the AFDC budget is underfunded by at least twenty million dollars.

1) 10% Increase in the Standard of Need

A 10% increase in the state's AFDC standard of need as indicated in the Senate-passed homelessness bill would restore AFDC and Medicaid eligibility to nearly 2,000 working poor families who, through loss of all public assistance, now take home less pay than their unemployed counterparts on AFDC. Total Cost: \$11 million (state cost: \$5.5 million)

Last year, the legislature granted a 5% increase in the standard of need.

2) Emergency Assistance for Homeless Families and Those Facing Imminent Evictions

House 1 includes an additional \$3 million over last year's EA appropriation to cover increased costs due to regulatory changes which expand benefits a needy family may receive. The "homelessness" legislative initiative which builds on these regulatory changes covers rent, fuel and utility arrearage payments up to 4 months of actual need for families facing evictions, 30 days in a temporary shelter for homeless families, and payments for advance rent and security deposits. Total estimated cost: \$6 million (state cost: \$3 million).

3) Emergency Supplemental Payments for AFDC Families

Under the new federally-mandated retrospective budgeting process, AFDC families who experience a sudden loss of income must now wait two months before receiving any additional financial assistance.

A state appropriation of \$2 million would cover the costs of providing families who experience a sudden and dramatic loss of income with immediate, emergency aid.



#### 4) AFDC for Needy Pregnant Women

F.Y. 1982 federal budget cuts limit AFDC cash assistance for needy pregnant women to a single grant in the third trimester of pregnancy. Last year, Massachusetts followed the federal government's lead and reduced state aid to needy pregnant women to a single AFDC grant in the third trimester.

Restoring a single grant to eligible pregnant women upon verification of pregnancy would ensure that they are able to meet their basic survival needs (e.g. - costs of shelter, clothing) and receive proper nourishment. State cost: \$2 million.



ELDERLY  
Supplemental Security Income  
4405-2000

F.Y. '83 appropriation: 125,200,000  
H. 1 request: 95,558,000

The House 1 request of \$95 million assumes a \$20 million "savings" in the S.S.I. program which provides financial assistance to the elderly, blind, disabled and poor individuals. The projected savings are dependent on the State's ability to force the Federal Government to assume additional financial responsibility for errors and administrative problems. In fact, the Department of Public Welfare has not even taken the first steps in what will certainly be a lengthy process to recoup funds which may be owed by the Federal Government. As a result, a \$20 million shortfall in the S.S.I. program could result.

Also, this request does not include funding for an increase in the personal needs allowance for 33,000 elderly and disabled individuals who live in nursing homes. To increase the monthly personal needs allowance from \$40 to \$45, this account would require an additional \$2M.

Home Care  
9110-1630

F.Y. '83 appropriation: 74,858,564  
H. 1 request: 83,900,000

While the House 1 request for home care will allow for a 2-3,000 person increase in the caseload, it is underfunded by \$2.5 million necessary to reimburse home care providers the "fair and equitable" rates set by the Rate Setting Commission. Without this increase the Commonwealth will continue to "save" money by paying home care workers less than the minimum legal rate.





General Relief  
4406-2000

F.Y. '83 appropriation:	60,552,000
H. 1 request:	73,708,000

The House 1 recommendation for the General Relief program does not include sufficient funding for program initiatives described in House 1 nor does it cover the complete homelessness packages proposed by the Governor and Legislature. Approximately \$25M in additional appropriations would be necessary to properly fund the General Relief program and the homelessness initiative.

The Department of Public Welfare's budget office claims that annualization of current operations will cost at least \$6M more than the Governor's budget has allocated. This discrepancy is due to revised estimates of caseload growth due to changes in eligibility criteria in Federal programs, higher General Relief medical costs and new unanticipated shelter costs.

Furthermore, House 1 does not include funding for caseload increases resulting from the elimination of the General Relief residency requirement. The new Administration has strongly supported this change from the start of its statewide homelessness initiative. The estimated cost of this change is between \$2-3M.

The restoration of inpatient hospital care, an essential part of the homelessness legislative package, could cost up to \$20M according to some estimates. House 1 does not reflect this restoration in any manner.



## DISABILITY ISSUES

### SSI/SSDI Legal Aid 0321-4000

F.Y. '83 appropriation: \$500,000  
H. 1 request: \$500,000

This line item is a result of the much-publicized difficulties with the Social Security Disability Insurance (SSDI) program, co-run by the federal Social Security Administration and the state's Mass. Rehabilitation Commission. Changes in the system during the last two years have resulted in a termination of benefits for up to 6,000 disabled persons, many of whom must now rely on 100% state-funded General Relief and other assistance programs. This account provides legal counsel to represent terminated clients in their appeal to Social Security. The program, run by the Developmental Disabilities Law Center, was seeking approximately \$900,000 annualized funding.

### Massachusetts Rehabilitation Commission 4120-0010 through 4120-0061

The agency is intricately tied to federal funding and has had, in recent years, to adopt both long waiting lists for services and a restrictive priority system for vocational programs; this system often ignores the moderately disabled population.

### Extended Employment 4120-0031

F.Y. '83 appropriation: \$2.8 million  
H. 1 request: \$3.0 million

The 5.4% increase does not allow for elimination of a 120-person waiting list for sheltered workshops. Another 10 persons per month will be added to that list under this funding scheme.



THE DEPARTMENT OF MENTAL HEALTH

F.Y. '83 appropriation: \$509 million  
H. 1 request: \$542 million

As proposed, this budget will do little to solve the major problems facing the mental health/retardation system in the Commonwealth. Community services are not strengthened for either the mentally ill or retarded; community housing starts are limited to those required by the consent decrees; and institutional staffing levels and care are not improved. In addition, the sharp reduction in federal aid to the community mental health centers (from \$14 million to \$9 million in federal fiscal year 1982) is not replaced with state aid. Finally, the six state institutions under consent decrees remain short of Medicaid standards because of plant inadequacies, threatening additional federal revenue loss.

Bureau of Institutional Schools/TEC Program  
5011-0010

F.Y. '83 appropriation: \$2.4 million  
H. 1 request: \$1.9 million

This is the second year this valuable program has taken severe cuts - - in F.Y. '82, this program spent \$5.5 million. It provides retarded patients at the state schools an opportunity to continue in their Chapter 766 special education programs after they reach age 22, so that the advances made in the 766 program would not be lost. Just as importantly, this is a client's chance to spend time in a community setting. The state schools are often ill-equipped to provide, within their walls, the educational stimulation of those programs.

As a result of the funding cuts, more than 80% of the 600 TEC clients have already been returned to institutional programs. A return to the \$5 million benefit, or a new fund providing for out-of-institution programming is needed.

Intensive Care Program for Emotionally Disturbed Women  
5011-9002

F.Y. '83 appropriation: \$209,930  
H.1. request: -----

This small program travels throughout the state to provide consultation for problem cases within mental health settings. The consultants provide expert advice and assistance to state workers who are unable to handle certain cases. The Governor inexplicably zero-funded this line item.





Expansion of Services to the Retarded  
5016-0104

F.Y. '83 appropriation: \$3.625 million  
H. 1 request: \$3.625 million

This is one of the most important line items in the DMH budget. It provides the state's only response to those retarded citizens over the age of 22 who are not living in state schools or existing residential programs. From this limited amount must come funds for all respite care services, residential programs, educational programs, day treatment and medical services for the up to 10,000 unserved retarded citizens in the Commonwealth. A 1982 Committee on Human Services study conservatively estimated a need of at least \$30 million. The agency requested \$6.8 million this year, but the Governor proposed no increase.

Mental Health Children's Services  
5021-0000

F.Y. '83 appropriation: \$1 million  
H. 1 request: \$1.09 million

This year, \$609,000 will be used for residential programs, day treatment, community-based hospital beds and miscellaneous costs. The remaining \$400,000 will be "emergency kids money," as in the past. Missing from the H. 1 request for children's services, but in the agency's request, was additional staffing for the Gaebler Children's Center and funds for a 20-bed secure treatment unit at Worcester State Hospital.



## Office for Children

F.Y. '83 appropriation: \$4.981 million  
H. 1 request: \$5.148 million

For the fifth consecutive year, the Governor's proposed budget underfunds the Office for Children. Failure to restore its appropriation to the \$6.1 million level of the first Dukakis Administration will mean that OFC cannot fulfill its statutory licensing functions and may have to lay off existing community field staff.

Soon after House 1 was filed, the Dukakis Administration recognized that the original request for OFC was seriously underfunded. Officials promised to offer an amendment seeking \$477,961 to fund 12.5 authorized licensing positions, add 7 new after-school licensors and protect 8 existing community representatives whose jobs were threatened by the original proposal. It is not clear whether the Administration stands by this commitment in light of its decision to withdraw support for new positions requested in House 1.

Even if the amendment were fully funded, the budget would not give OFC sufficient staff to catch up on its licensing backlog or fill more than forty vacancies created by budget cuts over the past three years.

Restoration of OFC funding to the \$6.1 million annual level of the first Dukakis Administration is the only way to ensure that the agency will meet its statutory mandates.



DEPARTMENT OF SOCIAL SERVICES

F.Y. '83 appropriation:	197,000,000
H. 1 request:	214,766,544

While House 1 includes funding for 173 new social worker and clerical positions and \$1M for innovative day care programs, the DSS F.Y. '84 budget is still underfunded by about \$10M.

Voucher Day Care  
4800-0060

F.Y. '83 appropriation:	1,967,750
H. 1 request:	5,747,365

The voucher day care account is underfunded by \$2.5M for F.Y. '84. The House 1 request is based on anticipated rather than actual F.Y. '83 caseload figures.

Voucher day care is a support service offered by DSS that is critical to the successful operation of the State's Work and Training Program. Seventy-five percent of voucher day care funds are used exclusively by families participating in the Department of Public Welfare's Work and Training Program. The remaining funds are specially set aside to meet protective day care needs.

By January of this year, the Department had exhausted its entire F.Y. '83 appropriation. Instead of closing intake and cutting these vital services, however, DSS ran a deficiency in the voucher program. The agency has requested a \$1.7M supplemental appropriation to continue services through the end of the current fiscal year; this request is still pending before the Legislature.

The true cost of maintaining voucher day care services will be \$8.2M in F.Y. '84. This represents a net increase of \$2.5M over House 1.

Respite Care for the Developmentally Disabled  
4800-0070

F.Y. '83 appropriation:	969,590
H. 1 request:	1,939,150

House 1 underfunds the respite care program for developmentally disabled individuals by \$1.7M. Based on a widely supported concept, the respite care program has experienced significant growth over the past year. In fact, the agency ran out of funding at the end of December. At that point, the Department closed intake and discontinued services until April, when the Legislature approved a \$2M supplemental appropriation.

At the end of F.Y. '83, the Department will have served 1500 individuals and families.





Respite care is an essential service for families who are caring for their disabled relatives. In order to maintain the existing service level, the respite care program must be funded at \$3.6M, a net increase of \$1.7M over House 1.

#### Cost of Living Adjustment for Contracted Providers

The House 1 narrative claims the budget provides a 4% cost of living adjustment for all contracted providers. The DSS budget reflects only a 2.9% cost of living increase for purchase of service providers, however - a \$1.4M discrepancy. Moreover, DSS has been directed by the Rate Setting Commission to grant group residential care providers an 8% cost of living increase in F.Y. '84.

#### Collective Bargaining Increases for "01" and "02" State Employees

None of the seven DSS regional accounts reflects collective bargaining increases for "01" and "02" state employees. Management increases only are funded in the Governor's budget recommendation.

Collective bargaining increases negotiated last month for DSS "02" employees create a \$2-3M shortfall in the DSS regional budgets. Negotiations are still under way for "01" employees.

#### Training

Massachusetts received nearly \$10M from the Federal Title XX program for training social services workers in F.Y. '80. In recent years, however, Federal funding for training has been terminated.

The House 1 request for \$130,000 for training DSS workers to treat domestic violence and sexual abuse cases does not come close to compensating for the major reductions in Federal aid.

Day care advocates also cite the serious need for training of group day care and family day care workers. They claim that a minimum of \$300,000 is required to adequately train child care workers to provide high quality child care.

#### DSS Social Worker Positions

House 1 funds 173 new social worker and clerical positions at a cost of \$2.8M. The Department must hire these additional workers to meet the 20:1 caseload requirements stipulated by U.S. Judge Robert Keeton in the Lynch v. King court order and in order to receive more than \$5M in Federal funds.

The Governor's recent statements regarding his intent to withdraw support for new state positions may threaten the funding of these essential DSS positions.

